June 29, 2005

What We Heard:
A Report on the Ontario Securities Commission's Investor Town Hall

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Message from the Chair of the OSC

The OSC Investor Town Hall made it clear that many consumers of financial services have questions about where to turn when they have a complaint. Some expressed frustration and confusion with the process. They have concerns about the way their complaints have been dealt with - and they want to be heard.

That is why we held the Town Hall. This report to Town Hall participants, which we will provide to Gerry Phillips, Chair of Management Board of Cabinet, the Minister responsible for the OSC, describes what we learned and how we are moving to address the situation.

The need to focus on how to provide protection to investors in their role as consumers of financial services became apparent last summer, at hearings of the Ontario Legislature's Standing Committee on Finance and Economic Affairs. We recognize the importance of following up directly with investors, giving them an opportunity to voice their questions, criticisms and suggestions.

The Town Hall helped identify priority areas to address. Many investors are unfamiliar with their rights, and what recourse is available to pursue their claims. In many cases, there is a lack of trust in the system, an attitude that results from frustrations many investors encounter when they access the system. Many find the complaint process difficult to navigate, a problem that may cause some complaints to fall between the cracks.

As one audience member commented in a response form distributed at the Town Hall: "The overall success of this event will depend on how quickly and effectively the OSC, Investment Dealers Association of Canada (IDA) and the Mutual Fund Dealers Association of Canada (MFDA) act on suggestions made tonight." This report describes steps to determine the accessibility, effectiveness and fairness of avenues for investors to pursue their claims, both in the public and in the private sector. We have to pursue initiatives that will address investors' concerns in this area, including gathering the data that will give us a clear picture of the nature and degree of the problem and help us shape solutions.

We are talking with the organizations involved in the Town Hall panel - the IDA, the MFDA, the Ombudsman for Banking Services and Investments (OBSI) and the Small Investor Protection Association (SIPA) - about continuing efforts to ensure cooperation among stakeholders.

And we intend to provide individual investors with opportunities to voice their views and raise questions. Mechanisms like the Investor Town Hall are a useful way to engage in meaningful dialogue with investors.

Sincerely,

David A. Brown, Q.C.

Panelists

"This Town Hall event should convince everyone that there are serious issues with regard to investor protection and there is a real need to enhance protection against wrongdoing and to institute remedial measures that are timely and fair and not controlled by an industry that has displayed a cavalier and callous attitude towards small investors and their life savings. It has been a privilege and a pleasure to work with the OSC and participate in this well planned and well run event in Toronto. We hope that the OSC will continue on this path blazed by David Brown."

- Stan Buell, Small Investor Protection Association

"The IDA and the MFDA require their member firms to provide information to clients about the regulatory process and the options available to clients to address their complaints against their financial advisors or firms. These options include Ombudsman for Banking Services and Investments (OBSI) as well as the IDA-sponsored arbitration program. This information must be given to the client on the opening of an account and when a complaint is lodged with the firm, and compliance with this requirement is audited. In spite of this, some investors are not aware of these options for an independent assessment of their complaint. Obviously, more effort is required by all parties to increase investors' understanding of the regulatory and dispute resolution process in the investment sector. We must also work to encourage investors to have the confidence to take their complaints to the firms and then escalate them to OBSI if not resolved by the firm. The Town Hall was an excellent first step in this direction."

- Michael Lauber, Ombudsman for Banking Services and Investments

Panelists

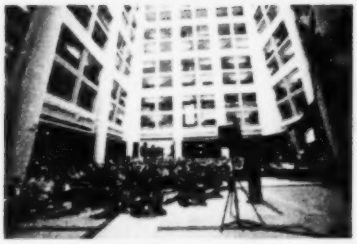
Continued

"We listened to investors; we heard their concerns and suggestions for change; and we have identified a number of areas where we intend to act. We have already modified our consumer protection brochure *Empowering Investors: Tools and Resources from the IDA* to add information on provincial Statutes of Limitations. In addition, we will work to develop more user-friendly account-opening statements, and more clarity about fees and investment performance data in account statements. We will implement changes recommended in our *Regulatory Analysis of Hedge Funds Report* and work with provincial securities commissions to bring hedge funds distributed to retail investors fully within the regulatory system. We will continue our efforts to convince governments to create special courts for white-collar crime and toughen parole laws and we will pursue new enforcement powers to allow us to collect fines from disciplined individuals who have left the industry. Above all, we will continue to listen to the voice of the small investor."

- Joe Oliver, Investment Dealers Association of Canada

"The MFDA was pleased to have participated with all regulators, the OBSI and SIPA in the OSC Investor Town Hall and to have listened to each investor's experience. We know that reliving their experiences could not have been easy. As a result, the MFDA is looking at its processes and its investor education programs to see where improvement can be made. We are updating our website and our *How to Make a Complaint to the MFDA* information piece to add information regarding provincial Statutes of Limitations. In this regard, we are contacting the Ontario government to bring to its attention the impact of the changes to the legislation on investors and urging that the prior limitation period be restored. The MFDA is committed to the small investor who is a key component of a robust capital market."

-Larry Waite, Mutual Fund Dealers Association of Canada



Event Overview

Who:
More than 400 people attended in person, and many participated via the Internet. Based on feedback forms distributed at the event, the overwhelming majority were retail investors.

The financial sector saw the event as an important way to reach investors. In addition to the five participating organizations - IDA, MFDA, OBSI and SIPA, as well as the OSC - other exhibitors included the Canadian Investor Protection Fund, the Financial Planners Standards Council, the Canadian Bankers Association, and Canada's Association for the Fifty-Plus.

The event was aimed at Main Street. People heard about the event through a variety of media. Of the 108 attendees who completed a form, most said they heard of the event through SIPA (14 per cent), Toronto Sun (11 per cent), the Toronto Star (10 per cent), and the Globe and Mail (6.5 per cent). An additional 4 per cent cited multiple sources. The OSC marketed the Town Hall with a news release in mid-April, an article provided to all community and multicultural publications in the province and a media advisory in the weeks leading up to the event. The OSC also distributed 6000 postcards promoting the event, more than 5000 through Canada's Association for the Fifty-Plus, as well as SIPA and other panelist organizations, and other means.

Event and registration information was posted on some 15 websites, including professional groups and seniors associations, as well as those of the participating organizations. Public service announcements ran on CFRB for the week of the Town Hall, and the event was profiled on *MoneyLine*, a one-hour call-in show on Rogers Cable 10.

What:
While the format was question-and-answer, the Town Hall wasn't so much an opportunity to provide information to investors, but to solicit their views. Other than some legal concerns about mentioning of names or cases that might be the subject of a legal action, participants were encouraged to demand responses from the panelists on issues of importance to consumers of financial services and products.

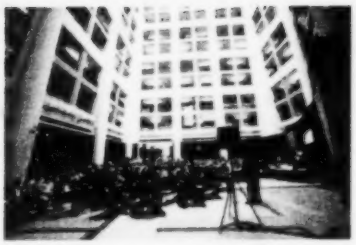
Panelists were asked 28 questions at the event itself. Many more were submitted via the Internet or in writing in advance of the event. Our responses to the questions and comments, as well as responses from the other panelist organizations, are available at www.osc.gov.on.ca/townhall.

Event Overview

Continued

When:
Held on May 31, 2005, the Town Hall came on the heels of a number of important events in the evolution of investor protection - including financial reporting scandals and the regulatory responses to them, such as the Sarbanes-Oxley Act in the United States and the comparable regulatory steps in Canada. The timing also reflects the OSC's recognition of the need to take greater initiative in the area of providing protection for investors as consumers of financial services and products, a development given considerable momentum by the legislative hearings last summer, and the legislative committee report in the fall.

Where:
The Town Hall was held at the CBC building in downtown Toronto, a site that is central and accessible, large enough to accommodate hundreds of people, and flexible enough to accommodate last-minute registrations.



Audience Feedback

The OSC asked attendees for feedback on the event attended. Each attendee was provided with a response card asking them to rate performance in several substantive and technical areas. (Table below)

Of the 420 attendees, 108 people completed a feedback form, representing a 25.7 per cent response rate.

AVERAGE SCORE OUT OF A POSSIBLE 5	
Pre-registration was efficient	4.70
On site registration was efficient	4.68
Exhibitor information was worthwhile	3.76
I could see the panelists clearly	4.43
I could hear the panelists clearly	4.35
The discussion was informative	3.79
I had an opportunity to ask a question	2.53
I feel I got an answer to my question	2.62
Overall this was a worthwhile event	4.14

PER CENT WHO SAID THEY AGREED OR STRONGLY AGREED	
Pre-registration was efficient	94%
On site registration was efficient	97%
Exhibitor information was worthwhile	65%
I could see the panelists clearly	90%
I could hear the panelists clearly	88%
The discussion was informative	69%
I had an opportunity to ask a question	34%
I feel I got an answer to my question	33%
Overall this was a worthwhile event	81%

More than 80 per cent agreed or strongly agreed that the Town Hall was a worthwhile event. Attendees also gave good marks for informative discussion (69 per cent agreed/strongly agreed it was informative), exhibitor information (65 per cent agreed/strongly agreed this was worthwhile), and technical categories such as efficiency of registration (94 per cent agreed/strongly agreed this was efficient).

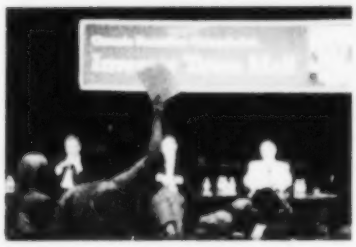
Perhaps the best indication of how attendees felt is the fact that so many suggested making the Town Hall a regular event. Comments included: "Have more of them," "Definitely have more Town Hall meetings," "Do it again; investors need to know," and "E-mail me when you're having the next Town Hall meeting."

Major Themes

Introduction

People attending the Town Hall made it very clear that they want to see changes in a number of areas. The Town Hall underlined values that investors desire in a regulatory regime - including accountability, transparency, fairness, and effectiveness. Based on what we heard, attention was focused on a number of issues:

* the challenges many investors face in trying to navigate the complaint process,
* the desire for timely and accessible restitution,
* the limitation period on civil actions by aggrieved investors, and
* the need for more consultation by the OSC with investors.



Major Themes

Issue One: Navigating the Existing Process

What We Heard:

"I'm 70 years old...I've been defrauded by a company here in Toronto...[The adviser] was at a registered company...He took my $180,000 US. He has $5 million from other investors...I phoned the securities commission. Your people said to me 'hire a lawyer' - now the lawyer wants $2000 from me every two months...I want the securities commission to have power over those [types of] companies, and close those people down...I'm left with nothing...I can't pay any lawyer."

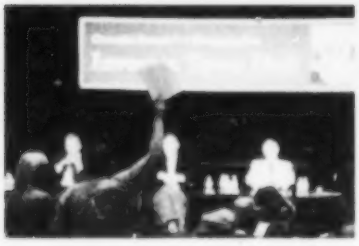
It is a frequent refrain, at the Town Hall itself, in e-mails, and in communications from investors to the OSC and other relevant institutions. Where do I go? Who do I ask? Who is in charge? Who can get my money back? There seems to be no one to help.

The frustration and disappointment are understandable among people who have taken a heavy financial blow as a result of inappropriate conduct by investment professionals. What they want to know is: What process is in place? Why isn't it easier to follow? What is going to be done to make it more readily understood?

The self-regulatory organizations have put resources into providing the information they view as necessary to pursue a complaint. Every consumer who calls an IDA or MFDA member firm, for example, must be sent a brochure describing the complaint process in detail. Some in the industry point out that the information on the complaint process is out there. However, it is clear that there are different levels of investor awareness and understanding of available information.

One Town Hall attendee said in a feedback form that we "need [a] more basic approach as to how to make a formal complaint." The Small Investor Protection Association pointed out in its report *SIPA Inc. Five Year Review - the Small Investors' Perspective of Investor Protection in Canada* that small investors face an informational imbalance, characterized by lack of financial literacy and lack of understanding about who is responsible for regulation and what protection is afforded. Unfortunately, when it comes to understanding the complaint process, the best education seems to be obtained by going through it.

Questions were raised about the complaint processes, regarding both the internal procedures conducted within the investment firms, and the external route that customers can pursue through OBSI if they are not satisfied with the initial resolution. It is important to get a clear understanding of how firms respond - not just in a technical sense of meeting specific regulatory requirements, but also in the tone they set. Does their response letter draw the information they need to examine the complaint - or does it have the potential to be intimidating? Do they greet every complainant with suspicion - or do they assume honesty until given reason to believe otherwise?

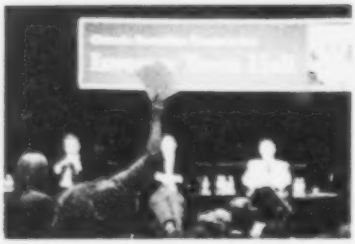


Issue One: Navigating the Existing Process - Continued

What We're Doing:

We need to determine the clarity and openness of the complaint process. How well has that process been communicated? Do investors know where to call? Do the people who serve as the first line of response make sufficient effort to clarify the nature of the issue? How well is information individualized? Does an aggrieved investor come away with a clear, detailed and workable understanding of the appropriate course of action to take? Is there a need for additional advice or assistance to consumers who wish to make a complaint?

The OSC is looking to develop means to make sure the complaint process is comprehensible and accessible to all investors. This includes asking the IDA, MFDA, and OBSI for data to help determine the clarity and openness of the current system, and the level of understanding investors have of it, as well as examining our own complaint process.



Issue Two: Timely and Accessible Restitution

What We Heard About Restitution:

Many investors are not satisfied with the mechanisms currently available for pursuing restitution for losses incurred as a result of inappropriate conduct by investment professionals. Many seem to feel they are neither timely, nor effective, nor fair.

The Town Hall served as further confirmation of this concern. Restitution - and what role if any the OSC should have in it - has been the subject of considerable examination and debate. It is one of the most frequent questions investors ask about the regulatory structure: How can you help me get my money back?

The idea of providing the OSC with powers to order restitution has provoked significant discussion. In April 2003, the Ontario Legislature increased the OSC's authority by giving it the power to order disgorgement - denying respondents who are found to have engaged in improper conduct the benefit of their ill-gotten gains. Last October, the Standing Committee on Finance and Economic Affairs recommended that the Ontario Government work with the OSC to establish a workable mechanism that would allow investors to pursue restitution in a timely and affordable manner.

The legislative committee had arrived at this recommendation after examining the Final Report of the Five-Year Review Committee - an independent, legislatively-mandated panel - which noted that restitution "is an evolving area and while we are of the view that it may not be necessary or appropriate for the Commission to have the power to order restitution at this time, particularly as it will have the power to order disgorgement, we realize that this may change."

The demand for a new restitution process is partly driven by concerns, justified or not, that there may be too much industry influence in existing restitution mechanisms like the IDA's arbitration program and OBSI's service. Going to court to seek restitution does not always provide a viable alternative because the process can be costly and time consuming.

Many investors are demanding that the OSC be given authority to order restitution, an approach that has been used in Manitoba. The Manitoba Securities Commission (MSC) has had that authority since February 2003. Thus far we are only aware of it bringing one case, which was settled.

Some argue that the OSC already has the power to order restitution. In fact, its authority under the *Securities Act* is restricted to a) applying to the Superior Court for a declaration of non-compliance (*Securities Act*, Section 128), following which the court may make any appropriate order including an order for restitution; and b) ordering payment of administrative penalties, as well as ordering disgorgement (Section 127).

Issue Two: Timely and Accessible Restitution - Continued

A settlement agreement entered into between OSC Staff and a respondent and which has been approved by the OSC can also provide for restitution. A respondent must voluntarily consent to the terms of a settlement agreement, however, before it can be approved by the OSC.

The recent settlements with five mutual fund managers in the wake of the OSC's mutual fund probe into frequent trading and market timing - agreements that will result in $205.6 million being distributed by the fund managers to adversely affected customers - have prompted questions about what authority that stemmed from and why the OSC cannot use this power on a regular basis.

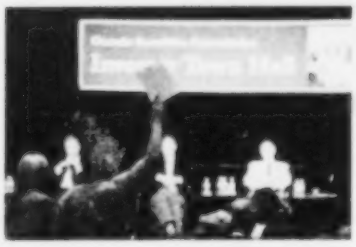
As one Town Hall questioner said: "The practicality is that, as a result of the intervention of the Ontario Securities Commission, $205 million is going into the pockets of aggrieved investors ... how does that stack up with the view that you do not feel you have a mandate to make arrangements for restitution of losses?" As OSC Chair David Brown said in response, these payments will be made by way of a settlement agreement - one that made it possible for investors to be compensated - not a restitution, which the OSC would not have had the power to order. As Brown explained: "It's one of the reasons why we were interested in entering into a settlement agreement with those funds ... we had an opportunity to make a very significant return to investors." If the mutual fund companies had not agreed to make these payments, the OSC could not have ordered them to make these payments.

What We Heard About the Statute of Limitations

Many investors are concerned that their ability to seek redress through the courts is being cut short. There is anxiety about the fact that under Ontario's *Limitations Act 2002*, which came into force in January 2004, the time window that investors have for filing a civil action was narrowed - from six years to two years.

Limitation periods are time limits set out in law for starting legal actions. Legal actions not started within the applicable time may not be allowed to proceed. The *Limitations Act* was intended to bring together in one place a number of confusing and different limitation periods, scattered in a number of statutes, and set two clear time limits for starting a lawsuit.

The *Limitations Act* provides for a basic limitation period of two years which starts from the day the person finds out, or should have found out, about the injury, loss or damage he or she suffered and who caused it. The act also sets out an ultimate limitation period of fifteen years that runs from the day the act or omission on which the claim is based takes place. Examples of actions impacted by the *Limitations Act* include negligence, breach of contract, or breach of fiduciary duty.



Issue Two: Timely and Accessible Restitution - Continued

The *Limitations Act* does not affect any of the limitation periods for rights of action set out under the *Securities Act*. For example, the *Securities Act* gives investors the right to sue a public company for misleading or untrue disclosure in an offering document. The *Securities Act* also sets out a specific limitation period (generally three years) in which an investor can start a lawsuit against the company. This limitation period is not impacted by the *Limitations Act.*

There are some circumstances under which the time limit stops running - such as while a dispute is in a resolution process with an independent third party.

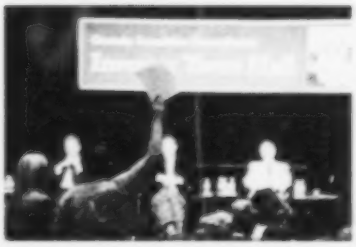
OBSI has consulted lawyers, who advise that their processes would likely be covered by this exemption. However, until the courts consider the issue, there is no guarantee. OBSI is actively considering other steps available to give greater comfort to investors on this issue. The IDA has also followed up on the legislation by amending its information brochure for investors, advising that limitation periods vary from province to province. The MFDA is doing the same and is contacting the Ontario government urging that the prior limitation period be restored.

As SIPA President Stan Buell pointed out in his concluding remarks at the Town Hall, in a life-altering event - such as losing one's life savings-people need some time to learn how to deal with the problem. And since most people do not see launching a legal action as their preferred way of dealing with a problem, they try to take steps before resorting to launching an action.

What We're Doing:

The Town Hall helped to bring forward various perspectives on restitution forward. We will continue to study what we heard at the Town Hall about our current system and look at ways to establish a better system for aggrieved investors to pursue timely and affordable restitution. In shaping a recommended response we will look at what others are doing in Canada and internationally.

The OSC will convey investors' concerns about the two-year limitation period to the provincial government. In the meantime, the OSC will update its investor information on the complaint process to include discussion of the applicable limitation period in Ontario.



Major Themes

Issue Three: More Consultation by the OSC with Investors

What We Heard:

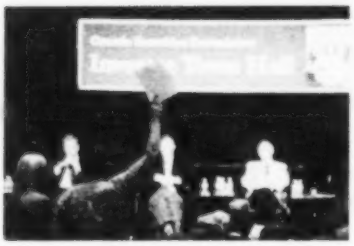
Investors want a voice. The Town Hall was an effort to bring the views of investors to bear in securities regulation. As OSC Chair David Brown pointed out in his opening statement, while the OSC has made it a priority to deal with such investor protection issues as proper disclosure by public companies, corporate governance, accounting and auditing issues, it has become increasingly clear that "we may not have placed sufficient emphasis on protecting the investor as a consumer of financial services."

The Town Hall was a significant step forward in public dialogue involving retail investors, a process that needs to be built upon. One way to do that would be to create an ongoing advisory body to help identify and address issues affecting investors and ensure that the views of consumers of financial services are well represented.

There are examples of consumer advisory bodies with other securities commissions. In the U.K., the Financial Services Authority (FSA) funds a Financial Services Consumer Panel. The Panel is independent of the FSA, with powers set out in statute, and can speak out publicly on issues when it considers it appropriate. The Panel reviews the policies and practices of the FSA, as they affect consumers, and provides advice from a consumer point of view. Panel members are appointed by the FSA; the Chair's appointment is approved by the Treasury. Its members include people experienced at working on consumer issues and education, trade union activists, and people experienced in public policy, law, market research and communications.

In Australia, the Australian Securities and Investments Commission appoints a Consumer Advisory Panel (CAP) to advise on consumer protection issues and consumer education and research. Its activities include surveys and research reports, information guides, and an inventory of consumer education material. CAP members include members of consumer and investor organizations, as well as the general public.

Participants also emphasized their desire to see the Town Hall become an ongoing event. In their responses to questionnaires, Town Hall participants offered such comments as "Definitely have more Town Hall Meetings!" and "Have more of them." One member of Canada's Association for the Fifty-Plus said: "Do it again; investors need to know." Regulators will benefit by hearing directly from the people whose interests they protect.



Issue Three: More Consultation by the OSC with Investors - Continued

What We're Doing:
The OSC is developing a model for an investor advisory body made up of a broad cross-section of people to provide input on important securities regulation issues and help ensure the appropriate balance between protecting investors and fostering efficient capital markets.

The advisory body will also help us ensure that the OSC benefits from a range of ideas and expertise in developing new policy initiatives. The OSC intends to examine the models described above, and others, in developing the most appropriate approach for Ontario.

The OSC will hold future Town Halls, and develop other vehicles to engage in meaningful dialogue with the public. The Town Hall should become an ongoing mechanism - a continuing opportunity for investors to bring their concerns to the table.

Our Commitment

- **Transparent and Accessible Dispute Resolution Procedures:** Develop means to make sure the complaint process is comprehensible and accessible.

- **Fair Restitution:** Examine the avenues of restitution, and develop ideas to ensure they meet the needs of aggrieved investors.

- **Limitation Period:** Convey investors' concerns to the Ontario Government regarding the two-year limitation period.

- **Consumer Participation:** Create an investor advisory body to help identify and address issues affecting investors and ensure that the views of consumers of financial services are well represented. Hold Town Halls, and develop other vehicles to report to the public.

Appendices

Compensation Options

If you have a complaint, the first step is to raise the issue directly with the individual or firm that provided the service. This is the first level of recourse for consumers of financial services and may result in a quick resolution to the problem (for example, if there has been a misunderstanding).

If you have spoken to the individual who provided the service to you but your complaint has not been resolved, you can escalate your complaint through the complaint handling process within the firm. This may involve contacting a firm's compliance officer or internal ombudsman.

If you have exhausted all avenues at the firm level, and have not been able to reach a satisfactory resolution, you may wish to explore compensation options available through the following bodies:

Ombudsman for Banking Services and Investments:

- For disputes up to a maximum claim of $350,000.
- Investigates complaints against financial service providers, including banks, investment dealers, mutual fund dealers, and mutual fund companies.
- Provides resolution at no cost to the investor; no legal representation is necessary.
- Does not discipline financial industry professionals or advocate for investors.
- Recommendations are not binding.
- No legal rights are surrendered. A complainant may continue to arbitration or to court.

Contact:

416-287-2877 / 888-451-4519
www.obsi.ca

IDA Arbitration:

- For disputes up to a maximum claim of $100,000 between investors and IDA member firm that cannot be resolved through regular administrative channels within the investment dealer firm.
- Generally much faster and less expensive than going to court.
- Decisions are binding and final.
- Arbitration services are delivered by ADR Chambers, a national alternative dispute resolution firm that is independent of the IDA.

Contact:

416-362-8555 / 800-856-5154
www.adrchambers.com

Small Claims Court:

- For claims up to a maximum of $10,000.
- Legal representation is recommended but not mandatory.
- Generally faster and less formal a procedure than that of the Superior Court of Justice.
- Decisions are binding, but may be appealed.

Superior Court of Justice:

- Investors may claim for any amount.
- Legal representation is highly recommended, particularly as formal procedural rules apply.
- Generally a lengthy process.
- Decisions are binding, but may be appealed.

Contact:

See the blue pages in your local telephone directory or contact The Ministry of the Attorney General Tel: (416) 326-2220 or www.attorneygeneral.jus.gov.on.ca

Regulatory Review

If you have a complaint, the first step is to raise the issue directly with the individual or firm that provided the service. This is the first level of recourse for consumers of financial services and may result in a quick resolution to the problem (for example, if there has been a misunderstanding).

If you have spoken to the individual who provided the service to you but your complaint has not been resolved, you can escalate your complaint through the complaint handling process within the firm. This may involve contacting a firm's compliance officer or internal ombudsman.

If your complaint concerns reporting issuers or public companies, including take-over bids, mini-tenders, buy back transactions, governance, continuous disclosure or a potential breach of the Ontario securities law, contact the Ontario Securities Commission.

If you are concerned that an adviser's or firm's conduct breached a rule, regulation or by-law of a self regulatory organization, contact the appropriate body listed below:

Ontario Securities Commission:

Does

- Set policy and requirements for capital markets activity, and issuer and investment fund disclosure.
- Provide oversight of recognized self-regulatory organizations in Ontario (IDA, MFDA and Market Regulation Services Inc.), and recognized exchanges in Ontario (TSX).
- Investigate and prosecute possible breaches of Ontario securities law and conduct contrary to the public interest and impose sanctions where appropriate and in the public interest.

Does Not

- Prosecute criminal offenses such as fraud and theft. These are breaches of the Criminal Code of Canada and are enforced by the police services.
- Have authority to directly compensate investors or order respondents to compensate investors.

Contact:

416-593-8314 / 877-785-1555
www.osc.gov.on.ca

Investment Dealers Association of Canada:

Does

- Regulate the activities of investment dealers.
- Establish rules, by-laws, and policies to govern their member firms.
- Investigate complaints received against member firms and registered employees.
- Prosecute individuals and firms who are suspected of wrongdoing and, where fault is proven, impose penalties in the form of reprimands, fines, suspensions, and expulsion.

Does Not

- Have the authority to directly compensate investors or to order member firms to compensate investors.

Contact:

416-364-6133 / 877-442-4322
www.ida.ca

Mutual Fund Dealers Association of Canada:

Does

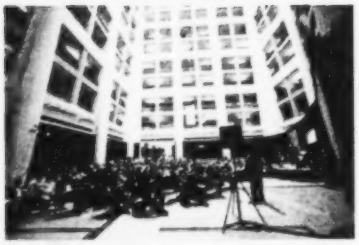
- Regulate the activities of mutual fund dealers.
- Establish rules, by-laws, and policies to govern their member firms.
- Investigate complaints received against member firms and registered employees.
- Prosecute individuals and firms who are suspected of wrongdoing and, where fault is proven, impose penalties in the form of reprimands, fines, suspensions, and expulsion.

Does Not

- Have the authority to directly compensate investors or to order member firms to compensate investors.
- Act as a trade association for its' members.

Contact:

416-361-6332 / 888-466-6332
www.mfda.ca



Ontario Securities Commission

Filing a Complaint
The principal role of the OSC in reviewing complaints is to focus on compliance with relevant laws, primarily the Securities Act (Ontario). However, the OSC is interested in receiving complaints about the capital markets in Ontario, including allegations of illegal insider trading, market manipulation, and inappropriate actions of market participants including registered brokers and reporting issuers.

Complaints should be made in writing, and copies of all relevant documentation should be enclosed with the complaint. For more information:

OSC Inquiries and Contact Centre
20 Queen St. W. Box 55 Ste. 1903
Toronto, ON M5H 3S8
Telephone: (416) 593-8314
Toll-Free: 1-877-785-1555
Website: www.osc.gov.on.ca/investor/complaints

Investor Information
The OSC publishes a number of educational brochures on subjects such as investing basics, financial advisers, the prospectus and securities products. These are available online and through the OSC Inquiries and Contact Centre.

Further resources are offered by the Investor Education Fund, a non-profit organization established by the OSC and funded by OSC enforcement settlements. The Investor Education Fund promotes informed investing through:

www.investorED.ca
- free access to a variety of investor education tools to help people navigate the investment world, including the Mutual Fund Fee Impact Calculator, Pension Decisions, Living Your Retirement, and Investing Basics.

Taking Stock in Your Future teacher program
- classroom-ready resources for teachers to educate students about money matters and investing.

Sponsorship Program
- helps non-profit organizations provide investor education to people with special needs.

Investment Dealers Association of Canada

Arbitration

For disputes (up to $100,000) between a client and a Member firm that cannot be resolved through regular administrative channels within the investment dealer firm. Decisions are final.

Available solely at the client's option. If a client decides to resolve a dispute through the Arbitration process, participation by the IDA Member firm is mandatory. It's the client's choice.

Arbitration Programs - For clients based in:

Ontario, New Brunswick, Nova Scotia, P.E.I. and Newfoundland
ADR Chambers
Tel. (416) 362-8555
Centre
1-800-856-5154
web site: www.adrchambers.com
E-Mail: adr@adrchambers.com

Québec
Québec National and International Commercial Arbitration Centre
Tel. (418) 649-1374 in Québec City

Toll Free (877) 909-3794
E-Mail: cacniq@cacniq.org

B.C., Alberta, Manitoba and Saskatchewan
British Columbia International Commercial Arbitration

Tel. (604) 684-2821
(877) 684-2821 Outside the Lower Mainland
web site: www.bcicac.com
E-Mail: options@bcicac.com

Ombudsman for Banking Services and Investments (OBSI)

- Free independent service for clients of IDA Member firms.
- Disputes can involve claims for up to $350,000.
- If a client decides to use OBSI, participation by the IDA Member firm is mandatory. It's the client's choice.
- When OBSI investigates a complaint and finds in favour of the complainant, it recommends a course of action to resolve the complaint, which may include compensation.
- For more information, call OBSI toll-free at 1 (888) 451-4519 or visit their web site, www.obsi.ca.

Filing a Complaint

- The IDA requires written information from the holder of the account(s) in question, indicating the subject of the complaint, issues involved and specific information regarding times, dates and events.
- Call the Info/Complaint Line, 1 (877) 442-4322, for inquiries and to have a Customer Complaint Form mailed to you or visit the IDA website, www.ida.ca and print a Customer Complaint Form.

Member Firm/Registrant Information Service

- Provided by the IDA to help investors access the public information available on its Member firms and their registered employees.
- A complete list of current IDA Member firms is accessible online.
- Information relating to IDA disciplinary actions since September 1997 is also available and can be accessed immediately using an Online Search function.
- Current registration status of individuals and past disciplinary information is available upon request.
- An Information Request Form is available, and inquiries will be answered within seven business days of receipt.

Mutual Fund Dealers Association of Canada

Filing a Complaint

An investor who has a complaint about the actions of a representative of a Member, or a Member of the Mutual Fund Dealers Association of Canada can make a complaint to the MFDA.

The MFDA regulates the solvency, and sales and business practices of Canadian mutual fund dealers and their approved persons. The MFDA's Enforcement Branch investigates complaints made against MFDA Members and/or their approved persons, conducts investigations, and imposes disciplinary penalties where there have been breaches of the MFDA's By-law, Rules or Policies.

Please refer to *How to Make a Complaint to the MFDA* which is available on the MFDA website, click on Enforcement, or call the MFDA to discuss alternatives toll-free at 1-888-466-6332, local at 416-361-6332, option 2.

Member and Approved Person Information

The MFDA publishes a Directory of Members on its website at www.mfda.ca which lists every Member and provides relevant contact information. Click on Membership.

Information related to MFDA disciplinary actions involving MFDA Members and their approved persons is also available on the MFDA website. Click on Enforcement or check the What's New page.

Ombudsman for Banking Services and Investments

The Ombudsman for Banking Services and Investments ("OBSI") is an organization independent of government and the financial services industry that investigates unresolved complaints from customers about banks and other deposit taking organizations, investment dealers, mutual fund dealers and fund companies.

There is no cost to the customer for the services of the OBSI and it deals with complaints from individuals, as well as small businesses. The OBSI can order a MFDA Member to make restitution to a customer to a maximum of $350,000.

If a customer of a MFDA Member firm chooses to use the OBSI, the Member must participate in the process. Should the OBSI find in favour of the customer, it will make recommendations to the Member, which may include compensation.

For more information, contact the OBSI toll-free at 1-888-451-4519, or visit its website at www.obsi.ca.

Ombudsman for Banking Services & Investments

The Ombudsman for Banking Services and Investments (OBSI) is an independent organization that investigates customer complaints against financial services providers, including banks and other deposit-taking organizations, investment dealers, mutual fund dealers and mutual fund companies.

The OBSI provides prompt and impartial resolution of complaints that customers have been unable to resolve satisfactorily with their financial services provider.

The Ombudsman process is based on the simple principle that every client deserves a fair and prompt resolution of complaints. That's why the OBSI tries to make its process accessible and keep it relatively informal.

The Ombudsman's decision on the resolution of a complaint is based on fairness in all the circumstances taking into account:

- Good financial services and business practices
- Accepted industry standards and practices
- Standards established by industry regulatory bodies, professional associations or the individual financial services provider
- Law and regulation

OBSI is not part of the government, regulators or the financial services industry. This allows OBSI flexibility and freedom from legal formality, which enables it to deal with clients directly and focus on fairness. After investigation, the final decision on the fair resolution of complaints rests solely with the Ombudsman.

There is no cost to the customer for the OBSI's services.

For more information about OBSI and how the OBSI resolves complaints, please visit the OBSI web site: www.obsi.ca.

Small Investor Protection Association

Small Investor Protection Association (SIPA Inc.)

SIPA was founded by Stan Buell in 1998 as an informal community volunteer organization with a mission:

- Aid public awareness of how the investment industry operates
- Provide guidance to those who have a complaint
- Pursue improvement of industry regulation and enforcement

SIPA was incorporated as a national non-profit organization at the end of January 1999, with headquarters in Markham, Ontario. By the end of 2004, SIPA had over 500 members in nine provinces across Canada, and has local member representatives in Alberta and British Columbia.

In 2004, SIPA associated with Canada's Association for the Fifty-Plus (CARP), to produce a report "Giving Small Investors a Fair Chance", released in September. This report reviews mutual funds and makes recommendations including the establishment of a national Investor Protection Agency. In April 2005, SIPA and CARP appeared before the Senate Standing Committee on Banking, Trade and Commerce. SIPA and CARP have made a joint response with recommendations to the Senate Committee.